

ATTESTATION ENGAGEMENT

Township of Derry
Dauphin County, Pennsylvania
22-202
Liquid Fuels Tax Fund
For the Period
January 1, 2012 to December 31, 2012

August 2014



Commonwealth of Pennsylvania
Department of the Auditor General
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Barry J. Schoch, P.E.
Secretary
Department of Transportation
Harrisburg, PA 17120

We examined the accompanying Form MS-965 With Adjustments for the Liquid Fuels Tax Fund of the Township of Derry, Dauphin County, for the period January 1, 2012 to December 31, 2012. The municipality's management is responsible for the Form MS-965. Our responsibility is to express an opinion on the Form MS-965 With Adjustments based on our examination.

Except as discussed in the first bullet of the fifth paragraph, our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. An examination includes examining, on a test basis, evidence supporting the Township of Derry, Dauphin County's Form MS-965 for the period January 1, 2012 to December 31, 2012 and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

We are mandated by Section 403 of *The Fiscal Code*, 72 P.S. § 403, to audit each municipality's Liquid Fuels Tax Fund to ensure that funds received are expended in accordance with applicable laws and regulations. *Government Auditing Standards* issued by the Comptroller General of the United States include attestation engagements as a separate type of audit. An attestation engagement performed pursuant to *Government Auditing Standards* involves additional standards that exceed the standards provided by the American Institute of Certified Public Accountants. Accordingly, this attestation engagement complies with both *Government Auditing Standards* and Section 403 of *The Fiscal Code*.

As described in Note 4, the adjustments included on the Form MS-965 With Adjustments are made by the Department of the Auditor General.

Independent Auditor's Report (Continued)

As discussed in the Findings and Recommendations and Comments section of this report:

- We were unable to examine the images of the back of the canceled checks from the township's financial institution because the township failed to obtain them from its financial institution. Consequently, we were unable to perform procedures to determine whether disbursements were made in accordance with applicable laws and regulations (Finding No. 1).
- The township expended \$25,016.00 during 2012 from its Liquid Fuels Tax Fund for the repair of the Park Avenue Bridge without advertising for bids and without obtaining the approval of the Department of Transportation. This amount was reimbursed to the Liquid Fuels Tax Fund on May 8, 2013, which was subsequent to our examination period (Finding No. 2).
- In our 2011 examination period the municipality expended \$11,718.53 from its Liquid Fuels Tax Fund for street signs without advertising for bids. This amount was reimbursed to the Liquid Fuels Tax Fund on October 29, 2013, which was subsequent to our examination period (Comment No. 2).

In our opinion, except for bulleted matters above, the Form MS-965 With Adjustments presents, in all material respects, the information required by the Pennsylvania Department of Transportation for the Liquid Fuels Tax Fund of the Township of Derry, Dauphin County, for the period January 1, 2012 to December 31, 2012, in conformity with the criteria set forth in Note 1.

In accordance with *Government Auditing Standards*, we are required to report findings of significant deficiencies in internal control, violations of provisions of contracts or grant agreements, and abuse that are material to the Form MS-965 and any fraud and illegal acts that are more than inconsequential that come to our attention during our examination. We are also required to obtain the views of management on those matters. We performed our examination to express an opinion on whether the Form MS-965 are presented in accordance with the criteria described above and not for the purpose of expressing an opinion on the internal control over reporting on the Form MS-965 or on compliance and other matters; accordingly, we express no such opinions.

Independent Auditor's Report (Continued)

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Derry, Dauphin County's ability to initiate, authorize, record, process, or report data reliably in accordance with the applicable criteria such that there is more than a remote likelihood that a misstatement of the Township of Derry, Dauphin County's Form MS-965 that is more than inconsequential will not be prevented or detected by the Township of Derry, Dauphin County's internal control. We consider the deficiency described in the finding below to be a significant deficiency in internal control over reporting on the Form MS-965:

- Electronic Imaging Of Canceled Checks From The Bank Did Not Include The Back Of The Checks.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the Form MS-965 will not be prevented or detected by the Township of Derry, Dauphin County's internal control. Our consideration of the internal control over reporting on the Form MS-965 would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiency described above to be a material weakness.

The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*:

- Noncompliance With Advertising And Bidding Requirements/Failure To Obtain Project Approval - Recurring.

We are concerned in light of the municipality's failure to correct a previously reported finding regarding its noncompliance with advertising and bidding requirements. During our current examination, we noted that the electronic imaging of canceled checks from the bank did not include the back of the checks and the township was in noncompliance with advertising and bidding requirements and failed to obtain project approval. The municipality should strive to implement the recommendations and corrective actions noted in this report.

Independent Auditor's Report (Continued)

This report is intended solely for the information and use of the Pennsylvania Department of Transportation and the management of the Township of Derry, Dauphin County, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale", with a long horizontal flourish extending to the right.

April 9, 2014

Eugene A. DePasquale
Auditor General

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TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
BACKGROUND
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Background

The Liquid Fuels Tax Municipal Allocation Law, Title 72 P.S. § 2615.5, provides municipalities other than counties (townships, boroughs, cities, towns, home rule, and optional plan governments) with an annual allocation of liquid fuels taxes from the state's Motor License Fund to be used for the maintenance and repair of streets, roads, and bridges for which the municipality is responsible. The allocation of these funds to municipalities is based: (1) 50 percent on the municipality's proportion of local road mileage to the total local road mileage in the state, and (2) 50 percent on the proportion of a municipality's population to the total population in the state.

The Vehicle Code, Title 75 P.S. § 9511, provides municipalities with annual maintenance payments to be received from the Motor License Fund for functionally local highways that were transferred to a municipality from the Commonwealth of Pennsylvania.

Each municipality must deposit the Liquid Fuels Tax Fund money and annual maintenance payments that it receives into a special fund called the Municipal Liquid Fuels Tax Fund or State Fund. A municipality may not deposit any other monies into this fund except when the municipality does not have enough money in the special fund to meet the payments called for by its current annual budget for road and bridge purposes. In this case, the municipality may borrow money or transfer money from its General Fund to its Liquid Fuels Tax Fund.

The Department of Transportation has been given the regulatory authority for the administration of these funds. To qualify for its annual allocation, each municipality shall submit the following documents and information to the Department of Transportation:

1. Evidence that the treasurer is bonded in accordance with the law, or that its treasurer is a bank requiring no bond by January 31 of each year.
2. A report indicating the manner in which its liquid fuels tax allocation was expended in the previous year (Form MS-965) by January 31 of each year.
3. A report of elected and appointed officials by January 31 of each year.
4. A Survey of Financial Condition by March 15 of each year.

Department of Transportation *Publication 9* contains the policies and procedures that govern the use of Liquid Fuels Tax Fund money. However, if there is a difference between *Publication 9* and any legislation, the legislation shall govern.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
2012 FORM MS-965 – SECTION 1
WITH ADJUSTMENTS

<u>Expenditure Summary</u>	<u>Reported</u>	<u>Adjustments (Note 4)</u>	<u>Adjusted Amount</u>
Major equipment purchases	\$ -	\$ -	\$ -
Minor equipment purchases	-	-	-
Computer/Computer related training	-	-	-
Agility projects	-	-	-
Cleaning streets and gutters	-	-	-
Winter maintenance services	29,735.55	-	29,735.55
Traffic control devices	67,126.18	-	67,126.18
Street lighting	-	-	-
Storm sewers and drains	-	-	-
Repairs of tools and machinery	-	-	-
Maintenance and repair of roads and bridges	38,133.38	(25,016.00)	13,117.38
Highway construction and rebuilding projects	67,335.01	25,016.00	92,351.01
Miscellaneous	-	-	-
Total (To Section 2, Line 5)	<u>\$ 202,330.12</u>	<u>\$ -</u>	<u>\$ 202,330.12</u>

Notes to Form MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
2012 FORM MS-965 – SECTION 2
WITH ADJUSTMENTS

<u>Fund Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Balance, January 1, 2012	\$ 320,964.19	\$ -	\$ 320,964.19
Receipts:			
2. State allocation	555,481.20	-	555,481.20
2a. Turnback allocation	1,840.00	-	1,840.00
2b. Interest on investments (Note 3)	1,828.09	-	1,828.09
2c. Miscellaneous (Comment No. 1)	15,135.97	-	15,135.97
3. Total receipts	<u>574,285.26</u>	<u>-</u>	<u>574,285.26</u>
4. Total funds available	<u>895,249.45</u>	<u>-</u>	<u>895,249.45</u>
5. Expenditures (Section 1)	<u>202,330.12</u>	<u>-</u>	<u>202,330.12</u>
6. Balance, December 31, 2012	<u><u>\$ 692,919.33</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 692,919.33</u></u>

Notes to Form MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
2012 FORM MS-965 – SECTION 3
WITH ADJUSTMENTS

<u>Equipment Balance</u>	<u>Reported</u>	<u>Adjustments</u>	<u>Adjusted Amount</u>
1. Prior year equipment balance	\$ 320,964.19	\$ -	\$ 320,964.19
2. Add: Current year equipment allocation (20% of Lines 2 + 2a, Section 2)	111,464.24	-	111,464.24
3. PENNDOT approved adjustments	<u>-</u>	<u>-</u>	<u>-</u>
4. Total funds available for equipment acquisition	432,428.43	-	432,428.43
5. Less: Major equipment expenditures	<u>-</u>	<u>-</u>	<u>-</u>
6. Remainder	<u>432,428.43</u>	<u>-</u>	<u>432,428.43</u>
7. Equipment balance available for subsequent year (Lesser of Line 6 or Section 2 balance, but not less than zero)	<u>\$ 432,428.43</u>	<u>\$ -</u>	<u>\$ 432,428.43</u>

Notes to Form MS-965 With Adjustments are an integral part of this report.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORM MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

1. Criteria

Section 1

This section of Form MS-965 With Adjustments provides a summary of Liquid Fuels Tax Fund expenditures by category. Categories requiring explanation include:

- Major equipment purchases are purchases of road machinery and road equipment that cost in excess of \$4,000.00 prior to 2012 and in excess of \$10,000.00 during 2012 and subsequent years.
- Minor equipment purchases are purchases of road machinery and road equipment that cost \$4,000.00 or less prior to 2012 and \$10,000.00 or less during 2012 and subsequent years.
- Agility projects are exchanges of services with the Department of Transportation.

Section 2

This section of Form MS-965 With Adjustments provides information on the fund balance. Categories requiring explanation include:

- The state allocation is generally received from the Department of Transportation during the first week in April of each year. The amount the municipality receives is based half on its population and half on its road mileage.
- The turnback allocation is generally received from the Department of Transportation during the first week in April of each year. A municipality receives a yearly turnback allocation based on road mileage for all roads that were transferred to the municipality from the Commonwealth of Pennsylvania through the Highway Transfer Program.
- Expenditures include the total transferred from Section 1.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORM MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

1. Criteria (Continued)

Section 3

This section of Form MS-965 With Adjustments determines if the municipality expended Liquid Fuels Tax Fund money in excess of the permissible amount for equipment and the balance that the municipality may carry forward for the purchase of equipment to the subsequent year.

Department of Transportation *Publication 9* requires that the amount expended for equipment purchases in a given year not exceed the sum of the equipment balance carried forward from the previous year and 20 percent of the current year's Liquid Fuels Tax Fund allocation and, if applicable, 20 percent of the turnback allocation plus other Department of Transportation approved adjustments.

If the municipality spent in excess of the amount listed on Line 4, the excess must be reimbursed to the Liquid Fuels Tax Fund.

The equipment balance to be carried forward for the subsequent year is the lesser of the amount on Line 6 or the ending fund balance on Line 6 of Section 2, but not less than zero.

Basis Of Presentation

The financial activities of the municipality are accounted for in separate funds. The Liquid Fuels Tax Fund is used to account for state aid revenues from the Pennsylvania Department of Transportation used primarily for building and improving local roads and bridges. The Form MS-965 has been prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation as a result of the Fuels Tax Act 655, dated 1956 and as amended, which does not constitute a complete presentation of the entity's assets, liabilities, expenses, and fund balance. Accordingly, the presentation of Form MS-965 With Adjustments is restricted to the Liquid Fuels Tax Fund, which represents a segment of the entity.

Basis Of Accounting

The accompanying Form MS-965 With Adjustments is prepared in accordance with reporting requirements prescribed by the Pennsylvania Department of Transportation. Under this method, revenues are recognized when received and expenditures are recorded when paid.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORM MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

1. Criteria (Continued)

General Fixed Assets

General fixed assets are recognized as expenditures at the time of purchase. No depreciation has been provided on the heavy equipment used to maintain and repair roads and bridges.

2. Deposits

The Second Class Township Code, Title 53 P.S. § 68204, authorizes the township to deposit its funds in the following:

- Deposits in savings accounts or time deposits, other than certificates of deposit or share accounts of institutions having their principal place of business in the Commonwealth of Pennsylvania and insured by the Federal Deposit Insurance Corporation (FDIC) or other like insurance. For any amount above the insured maximum, the depository shall pledge approved collateral.
- Certificates of deposit purchased from institutions insured by the FDIC or other like insurance to the extent that such accounts are so insured. For any amounts in excess of the insured maximum, such deposits shall be collateralized by a pledge or assignment of assets. Certificates of deposit may not exceed 20 percent of a bank's total capital surplus or 20 percent of a savings and loan's or savings bank's assets minus liabilities.

Deposits consist of receipts and deposits in financial institutions. Pennsylvania statutes require all deposits to be insured and, for any amount above the insured maximum, to be secured with approved collateral as defined.

There were no deposits exposed to custodial credit risk as of December 31, 2012. Custodial credit risk, as defined by GASB No. 40, includes deposits that are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the municipality's name.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
NOTES TO FORM MS-965 WITH ADJUSTMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

2. Deposits (Continued)

Fund Balance

The fund balance consists of the following:

Cash	<u>\$692,919.33</u>
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3. Interest On Investments

Our examination disclosed that the municipality deposited idle liquid fuels tax money in interest-bearing accounts which earned \$1,828.09 during 2012, thus providing additional funds for road maintenance and repairs.

4. Adjustments

Section 1

Adjustments were made to “Maintenance and repair of roads and bridges” and “Highway construction and rebuilding projects” because expenditures of \$25,016.00 were misclassified.

5. Loan

On October 1, 2012, the municipality borrowed \$334,469.79 from Dauphin County for Derry Township’s share of costs associated with the reconstruction and relocation of Bridge 122 over Swatara Creek. The term of the loan was for ten years at an interest rate of 1.625 percent. Principal and interest payments of \$36,508.55 are due annually.

During the current examination period the municipality paid principal of \$31,073.42 and interest of \$5,435.13 from the Liquid Fuels Tax Fund. These amounts are reflected in highway construction and rebuilding projects on the 2012 Form MS-965 - Section 1. The outstanding balance of the loan as of December 31, 2012 was \$303,396.37, plus interest.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 1 - Electronic Imaging Of Canceled Checks From The Bank Did Not Include The Back Of The Checks

Our examination disclosed that the imaging of canceled checks from the bank for the Liquid Fuels Tax Fund account was not acceptable because the bank provides only an image of the front side of the canceled checks. For us to properly complete our examination testing, we have to examine the front and back of the canceled checks. Because the test of disbursements was limited, we had to qualify our opinion as stated in the Independent Auditor's Report.

Good internal controls and the Commonwealth of Pennsylvania Management Directive 210.11, dated June 16, 1997, require that imaging systems comply with the provisions of the Internal Revenue Service (IRS) procedures for record keeping with electronic imaging. To be acceptable, the documents provided by the system must meet IRS procedures governing size, content, format, and pattern. Those procedures require that all images produced by the imaging system exhibit a high degree of legibility and readability when displayed on paper. Legibility includes the ability to identify all letters and numerals positively and quickly. Readability includes the ability to recognize a group of letters or numerals as words or completed numbers. Imaged documents must include the front and back of a document in which both the front and back are used.

Further, good internal controls ensure that by having a municipal official review the front and back of the canceled checks, any errors or misappropriations can be detected on a timely basis.

Without this control, the potential exists for errors or misappropriations to go undetected for long periods of time.

Recommendations

We recommend that the municipal officials obtain images of the front and back of canceled checks in accordance with Directive 210.11. Additionally, municipal officials should review the front and back of each canceled check for any errors or misappropriations.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 1 - Electronic Imaging Of Canceled Checks From The Bank Did Not Include The
Back Of The Checks (Continued)

Management's Response

The municipal officials offered no formal response at this time.

Auditor's Conclusion

The failure to review the front and back of canceled checks increases the risk that errors or misappropriations will not be detected on a timely basis. During our next examination we will determine if the municipality complied with our recommendations.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 2 - Noncompliance With Advertising And Bidding Requirements/Failure To Obtain
Project Approval - Recurring

We cited the township for failing to advertise for bids in our prior two reports. The most recent report was for the period January 1, 2011 to December 31, 2011. Our current examination disclosed that the township expended \$25,016.00 during 2012 from the Liquid Fuels Tax Fund for the repair of the Park Avenue Bridge without advertising for bids and without obtaining the approval of the Department of Transportation. Before bridge repairs affecting waterway areas are done, the municipality must obtain the approval of the Department of Transportation. However, the municipality did not file an application with the Department of Transportation for the project and did not submit specifications for approval as required.

The expenditure was not made in compliance with the advertising, bidding, and contract requirements of *The Second Class Township Code*, 53 P.S. § 68102(a), (also found at § 3102(a) of *The Second Class Township Code* as published by the Local Government Commission), which requires that purchases over \$18,500.00 must be advertised, bid, and awarded by contract. The Department of Labor and Industry shall determine future increases to the bidding threshold based on the Consumer Price Index for all Urban Consumers. *The Second Class Township Code*, 53 P.S. § 68104(a), (also found at § 3104(a) of *The Second Class Township Code* as published by the Local Government Commission) further states that advertising, bidding and contract requirements should not be evaded through piecemeal purchases.

The Department of Transportation *Publication 9* contains the policies and procedures for the administration of the Liquid Fuels Tax Fund. *Publication 9*, Chapter Two, Section 2.7.2, states that nonpermissible expenditures include “Construction and reconstruction projects without prior PENNDOT approval.”

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 2 - Noncompliance With Advertising And Bidding Requirements/Failure To Obtain Project Approval - Recurring (Continued)

Additionally, *Publication 9*, Chapter Two, Section 2.8, states, in part:

The following criteria is used to determine when a project is required for work on local roads utilizing Liquid Fuels Tax Funds, when construction, reconstruction and/or resurfacing work exceeds one inch or more in depth as well as other activities.

Bridges:	For bridge maintenance/preservation activities, confer with Municipal Services to determine if a project approval is required. All rehabilitations, replacements or any other work that affects the carrying capacity of the structure or the waterway areas require project approval.
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The township reimbursed \$25,016.00 to the Liquid Fuels Tax Fund on May 8, 2013, which was subsequent to our examination period.

This condition occurred because the township failed to comply with our prior examination recommendation to advertise for bids as required by *The Second Class Township Code* and the township also failed to comply with the Department of Transportation's *Publication 9*.

Recommendations

We again recommend that, in the future, the township comply with *The Second Class Township Code* by advertising for bids for purchases. The threshold for advertising for bids increased to purchases over \$18,900.00 for 2013, and \$19,100.00 for 2014.

We further recommend that before the municipality expends money on a project, it applies for and obtains prior approval for the project, and when the project is completed it obtains approval of the completed work.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
FINDINGS AND RECOMMENDATIONS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Finding No. 2 - Noncompliance With Advertising And Bidding Requirements/Failure To Obtain
Project Approval - Recurring (Continued)

Management's Response

The township officials offered no formal response at this time.

Auditor's Conclusion

This is a recurring finding. We strongly recommend that the municipality comply with our recommendations. During our next examination we will determine if the township complied with our recommendations.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
COMMENTS
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

Comment No. 1 - Summary Of 2010 Examination Recommendation

In our 2010 report we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$15,135.97 to its Liquid Fuels Tax Fund for the purchase of street signs without advertising for bids.

During our current examination we reviewed a letter dated November 20, 2012, from the Department of Transportation informing the municipality to reimburse \$15,135.97 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on December 4, 2012.

Comment No. 2 - Summary Of 2011 Examination Recommendations

In our 2011 report we recommended that the Department of Transportation review our examination finding to determine if the municipality should reimburse \$11,718.53 to its Liquid Fuels Tax Fund for the purchase of street signs without advertising for bids. A similar finding was also written in our current report (see Finding No. 2).

During our current examination we reviewed a letter dated September 30, 2013, from the Department of Transportation informing the municipality to reimburse \$11,718.53 to its Liquid Fuels Tax Fund. We noted that the municipality reimbursed this amount to its Liquid Fuels Tax Fund on October 29, 2013, which was subsequent to our examination period.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
SUMMARY OF EXIT CONFERENCE
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

An exit conference was held March 10, 2014. Those participating were:

TOWNSHIP OF DERRY

Mr. James N. Negley, Township Manager

DEPARTMENT OF THE AUDITOR GENERAL

Ms. Tammy Fleisher, Auditor

Ms. Vicki Baker, Auditor

The results of the examination were presented and discussed in their entirety.

TOWNSHIP OF DERRY
DAUPHIN COUNTY
LIQUID FUELS TAX FUND
REPORT DISTRIBUTION
FOR THE PERIOD
JANUARY 1, 2012 TO DECEMBER 31, 2012

This report was initially distributed to:

The Honorable Barry J. Schoch, P.E.
Secretary
Department of Transportation

Township of Derry
Dauphin County
600 Clearwater Road
Hershey, PA 17033

The Honorable John Foley	Chairman of the Board of Supervisors
Mr. James N. Negley	Township Manager
Ms. Theresa M. Weinhold	Manager of Accounts Payable/Accounts Receivable

This report is a matter of public record and is available online at www.auditorgen.state.pa.us. Media questions about the report can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 231 Finance Building, Harrisburg, PA 17120; via email to: news@auditorgen.state.pa.us.